



January 5, 2015

Attn: Chris Yeagle

VIA EMAIL: Marlin@5StarInvesting.com

### LETTER OF INTENT

Re: All those tracts or parcels of land commonly known as Village Apartments ("Property") consisting of 64 apartment units and all improvements and fixtures located there on and Appurtenances thereto, including but not limited to personal property owned by Seller and utilized in the ownership, financing, operation, and maintenance of improvements and buildings located thereon, hereinafter collectively referred to as the "Property".

This Letter of Intent is provided to you to acknowledge the interest and intent of 5 Star Commercial, LLC or its assignee to acquire the fee simple interest of the Property, on the general terms and conditions set forth below. The terms listed below are not intended to be all-inclusive. Moreover, all of the terms and conditions, and all covenants, warranties and representations between the parties relating to this proposed transaction must be reflected in a definitive written agreement ("Agreement") executed by all of the parties.

**Seller: Owner of Record**

**Purchaser: 5 Star Commercial, LLC, or assignee(s).**

**Property: Village Apartments**

**Purchase Price: \$2,450,000.00**

The Purchase Price shall not include any liabilities or obligations owed by Seller to any persons or entities on or before the Closing Date, unless expressly assumed in writing by Purchaser.

**Earnest Money Deposit: Thirty Thousand (\$30,000.00)** is to be deposited within five (5) business days after the Purchase Agreement is executed by all parties. **The Effective Date of the Agreement shall be the date that the Earnest Money is deposited to the Title Company or Client Funds Account of the Buyer's Attorney.** The Earnest Money Deposit is fully refundable to Purchaser at any time prior to expiration of the Inspection Period, and any time thereafter only upon Purchaser's failure to obtain acceptable financing, or as a consequence of a default by Seller, or by mutual agreement of the parties.

### **Due Diligence**

Information: Within seven (7) business days after the Purchase Agreement is executed by all parties, the Seller will deliver to Purchaser, true, correct, and complete copies of any and all pertinent records to be specified in the Agreement (i.e., survey, leases, environmental studies, inspection reports, capital improvement information, title report, zoning information, operating expenses and financial reports, rent roll, bank accounts, and similar

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additional information as requested by the Purchaser regarding Seller's ownership, operation and condition of the Property.

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Purchaser has **Forty Five (45) days after the Effective Date of the Agreement** to complete its due diligence investigation. Purchaser may, in its sole discretion, cancel the Agreement and escrow at any time during the Inspection Period without cost or penalty by written notice to Seller. In that event, the Earnest Money Deposit, plus interest accrued thereon, if any, shall be immediately refunded to Purchaser. All units must be in rentable condition upon the close date.

Purchaser will have the right to enter the Property with prior reasonable notice, during reasonable business hours, for any purpose in connection with the inspection of the Property by the Purchaser, its representatives, or third party contractors. While in Contract all new leases must be approved by buyer.

Purchaser's obligation to purchase the Property shall be subject to Purchaser receiving approval **for new mortgage financing** on terms and conditions acceptable to Purchaser within **Thirty (30) days after the Inspection period date**. In the event that the Purchaser is unable to obtain approval of mortgage financing on terms and conditions that are acceptable to the Purchaser, it may cancel the Agreement and receive a refund of the Earnest Money Deposit at any time.

The Closing Date of this transaction shall occur at the Title Company or Attorney on or before the expiration of **the Financing Period**, or as mutually agreed by the parties. If financing dictates, seller will accommodate an extension to the closing date.

Seller shall provide to Purchaser, at Seller's expense, a standard form TLTA policy of title insurance issued by Title Company in the amount of the Purchase Price for the Property, insuring that fee simple title to the Property is vested in Purchaser free and clear of all liens and subject only to exceptions approved by Purchaser during the Inspection Period. Additional costs required to obtain an extended coverage policy shall be paid by Purchaser, if Purchaser elects such coverage.

Seller agrees to provide Purchaser, at Seller's expense, with a current ALTA survey of the Property within Ten (10) days following the effective date of the Agreement if available.

**Closing Costs:** Purchaser and Seller will be responsible for their respective legal, accounting, staff, and other typical and customary costs and expenses, as more fully described in the Agreement.

**Prorations:** Rents, lease commissions, interest, insurance premiums, maintenance expenses, operating expenses, utilities, and ad valorem taxes for the year of Closing will be prorated effective as of the date of the Closing. Seller shall give a credit to Purchaser at the Closing in the aggregate amount of any security deposits or prepaid rents deposited by tenants with Seller, or otherwise owed to tenants, under leases affecting the Property.

**Sales Commissions:** Purchaser has not engaged a broker to assist with this transaction. Seller shall be responsible for payment of any broker's commissions owed as a result of the proposed transaction.

**Removal from Market:** Seller agrees not to negotiate with respect to, or enter into any other written agreement or letter of intent for the purchase of, the Property during the period from the mutual execution of this Letter of Intent through the period during which the Agreement is in effect.

**Confidentiality:** Purchaser and Seller hereby covenant and agree not to disclose the terms, Purchase Price, or any

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other information related to this potential transaction to anyone other than their respective legal counsel, broker (if any), accountants, title companies, lenders, governmental authorities and internal staff prior to Closing.

Seller warrants and represents to Purchaser that Seller is the sole owner of the Property, including all real estate and improvements thereon, and such ownership interest is not subject to any options, contracts, assignments, or similar

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agreements relating to ownership of the Property, and no consent or approval of any party is required for Seller to enter into this Letter of Intent and to create the obligations herein. The foregoing warranty and representation shall survive the termination or expiration of this Letter of Intent or any Agreement entered into by Seller and Purchaser.

This Letter of Intent is intended to provide both evidence of a legally binding agreement and guidance in the preparation of a more complete written agreement between the parties, enforceable in accordance with the terms set forth above. The parties agree to use commercially reasonable efforts to negotiate a more complete agreement, which will supersede this letter of intent, containing at least the terms contained herein.

If you are agreeable to the foregoing terms, please sign and date this letter in the space provided below, and return a signed copy to me, by email or facsimile, on or before 5:00 p.m., Eastern Standard Time, on the fifth (5th) business day after the date of this letter. Upon receipt we will commence preparation of a draft of the Agreement.

Very truly yours,

5 Star Commercial, LLC

Earl Miller, President

**The above terms are accepted and agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_**

\_\_\_\_\_ (Seller)

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**EXHIBIT 3**